

shall be selected from, or designated by, a variety of appropriate groups including, but not limited to, client and neighborhood associations and organizations.

(f) The categories of "attorney" and "eligible client representative" are not mutually exclusive; a single individual may be counted toward satisfaction of both requirements.

(g) The remaining members of a governing body may be selected from, or designated by, other community groups that support the findings and purposes of the Act.

(h) No category of governing board membership shall be dominated by representatives of a single association, group, or organization.

(i) Members of a governing body may be selected by appointment, election, or other means. The method of selection and composition shall be subject to approval by the Corporation. A recipient whose current governing body does not satisfy the requirements of this section shall submit for approval a plan for achieving compliance as soon as possible.

**§ 1607.4 Functions of a Governing Body.**

(a) A governing body shall have at least four meetings a year. Timely and effective prior public notice of all meetings shall be given, and all meetings shall be public except for those concerned with matters properly discussed in executive session.

(b) A governing body shall establish and enforce broad policies governing the operation of a recipient, but shall not interfere with any attorney's professional responsibilities to clients.

**§ 1607.5 Waiver.**

(a) Upon application, the President shall waive the requirements of this Part to permit a recipient that was funded under Section 222(a) (3) of the Economic Opportunity Act of 1964 and, on July 25, 1974, had a majority of persons who were not attorneys on its governing body, to continue such a non-attorney majority.

(b) The President may waive the requirements of this Part upon application of a recipient that demonstrates that it cannot comply with them because of (1) the nature of the population or area served; or (2) special circumstances, including, but not limited to, conflicting requirements of the recipient's major funding source.

(c) A recipient seeking a waiver shall demonstrate that it has made diligent efforts to comply with the requirements of this Part.

**§ 1607.6 Compensation.**

While serving on a governing body no member shall receive compensation from a recipient, but a member may receive payment for normal travel and other out-of-pocket expenses required for fulfillment of the obligations of membership.

THOMAS EHRLICH,  
President,  
Legal Services Corporation.

[78 Doc.76-12986 Filed 5-4-76;8:45 am]

[45 CFR Part 1608]

**PROHIBITED POLITICAL ACTIVITIES**

**Quality Legal Assistance**

The Legal Services Corporation was established pursuant to the Legal Services Corporation Act of 1974 Pub. L. 93-355, 88 Stat. 378, 42 U.S.C. 2996-2996f ("the Act"). Sections of the Act, including Sections 1005(b), 1006(b) (5), 1006 (d) (3) and (4), 1006(e) (1) and (2), 1007(a) (6) and 1007(b) (2) prohibit certain political activities by the Corporation, recipients, and their respective employees.

Pursuant to Section 1008(e) of the Act, the Corporation hereby affords notice and publishes for comment the following proposed regulations concerning prohibited political activities. Public comment will be received by the Corporation at its headquarters offices, Suite 700, 733 15th Street, N.W., Washington, D.C. 20005 on or before June 3, 1976. Comments must be in writing and may be accompanied by a memorandum or brief in support thereof. Comments received may be seen at the above offices during business hours Monday through Friday.

Final regulations will be issued by the Corporation after review and consideration of public comments received pursuant to this notice.

Part 1608 is added in proposed form as set forth below:

**PART 1608—PROHIBITED POLITICAL ACTIVITIES**

**Sec.**

- 1608.1 Purpose.
- 1608.2 Definition.
- 1608.3 Prohibitions applicable to the Corporation and to recipients.
- 1608.4 Prohibition applicable to all employees.
- 1608.5 Prohibitions applicable to Corporation employees and staff attorneys.
- 1608.6 Prohibitions applicable to attorneys and to staff attorneys.
- 1608.7 Attorney-client relationship.
- 1608.8 Enforcement.

**AUTHORITY:** Sections 1001(b), 1006(b) (2), 1006(b) (3), 1006(b) (5) (B), 1006(d) (3), 1006 (d) (4), 1006(e) (1), 1006(e) (2), 1007(a) (6), 1007(b) (2), (42 U.S.C. 2996(f), 2996d) (b) (2), 2996e) (b) (3), 2006e) (b) (5) (B), 2006e) (d) (3), 2996e) (d) (4), 2996e) (e) (1), 2996e) (e) (2), 2996f) (a) (6), 2996) (b) (2).

**§ 1608.1 Purpose.**

This Part is designed to insure that the Corporation's resources will be used to provide high quality legal assistance and not to support or promote political activities or interests. The Part should be construed and applied so as to further this purpose without infringing upon the constitutional rights of employees or the professional responsibilities of attorneys to their clients.

**§ 1608.2 Definition.**

"Legal assistance activities," as used in this Part, means any activity.

(a) carried out during an employee's working hours;

(b) using resources provided by the Corporation or by a recipient; or

(c) that, in fact, provides legal advice, or representation to an eligible client.

**§ 1608.3 Prohibitions Applicable to the Corporation and to Recipients.**

(a) Neither the Corporation nor any recipient shall use any political test or qualification in making any decision, taking any action, or performing any function under the Act.

(b) Neither the Corporation nor any recipient shall contribute or make available Corporation funds, or any personnel or equipment

(1) to any political party or association,

(2) to the campaign of any candidate for public or party office, or

(3) for use in advocating or opposing any ballot measure, initiative, or referendum.

**§ 1608.4 Prohibitions Applicable to All Employees.**

(a) No employee shall intentionally identify the Corporation or a recipient with any partisan or nonpartisan political activity, or with the campaign of any candidate for public or party office.

(b) No employee shall use any Corporation funds for activities prohibited to attorneys under Section 1608.6; nor shall an employee intentionally identify or encourage others to identify the Corporation or a recipient with such activities.

**§ 1608.5 Prohibitions Applicable to Corporation Employees and to Staff Attorneys.**

While employed under the Act, no Corporation employee and no staff attorney shall, at any time,

(a) use official authority or influence for the purpose of interfering with or affecting the result of an election or nomination for office, whether partisan or nonpartisan;

(b) directly or indirectly coerce, attempt to coerce, command or advise an employee of the Corporation or of any recipient to pay, lend, or contribute anything of value to a political party, or committee, organization, agency or person for political purposes; and

(c) no staff attorney shall be a candidate for elective public office, whether partisan or nonpartisan; nor shall a Corporation employee be a candidate for partisan elective public office.

**§ 1608.6 Prohibitions Applicable to Attorneys and to Staff Attorneys.**

(a) While engaged in legal assistance activities supported under the Act, no attorney shall engage in

(1) any political activity,

(2) any activity to provide voters with transportation to the polls, or to provide similar assistance in connection with an election, or

(3) any voter registration activity.

(b) While employed under the Act, no staff attorney shall engage in the activities prohibited by paragraphs (a) (2) or (a) (3) of this section at any time.

## PROPOSED RULES

**§ 1608.7 Attorney-Client Relationship.**

Nothing in this Part is intended to prohibit an attorney or staff attorney from providing any form of legal assistance to an eligible client, or to interfere with the fulfillment of any attorney's professional responsibilities to a client.

**§ 1608.8 Enforcement.**

This Part shall be enforced according to the procedures set forth in Section 1612.5.

THOMAS EHRLICH,  
President,  
Legal Services Corporation.

[FR Doc.76-12956 Filed 5-4-76;8:45 am]

**[ 45 CFR Part 1609 ]****FEE-GENERATING CASES****Guarantee to Clients**

The Legal Services Corporation was established pursuant to the Legal Services Corporation Act of 1974, Pub. L. 93-355, 88 Stat. 378, 42 U.S.C. 2996-2996f ("the Act"). Section 1007(b)(1) of the Act, 42 U.S.C. 2996f(b)(1), prohibits the use of Corporation funds to provide legal assistance with respect to any fee-generating case, except in accordance with guidelines promulgated by the Corporation.

Pursuant to Section 1008(e) of the Act, the Corporation hereby affords notice and publishes for comment the following proposed regulations concerning fee-generating cases. Public comment will be received by the Corporation at its headquarters offices, Suite 700, 733 15th Street, N.W., Washington, D.C. 20005 on or before June 3, 1976. Comments must be in writing and may be accompanied by a memorandum or brief in support thereof. Comments received may be seen at the above offices during business hours Monday through Friday.

Final regulations will be issued by the Corporation after review and consideration of public comments received pursuant to this notice.

Part 1609 is added in proposed form as follows:

**PART 1609—FEE-GENERATING CASES**

- Sec.  
1609.1 Purpose.  
1609.2 Definitions.  
1609.3 Prohibition.  
1609.4 Authorized representation in a fee-generating case.  
1609.5 Acceptance of fees.  
1609.6 Acceptance of reimbursement.

AUTHORITY: Sec. 1007(b)(1), 1008(e) (42 U.S.C. 2996f(b)(1), 2996g(e)).

**§ 1609.1 Purpose.**

This Part is designed to insure that recipients do not compete with private attorneys and, at the same time, to guarantee that eligible clients are able to obtain appropriate and effective legal assistance.

**§ 1609.2 Definitions.**

(a) "Fee-generating case" means any case or matter which, if undertaken on

behalf of an eligible client by an attorney in private practice, reasonably may be expected to result in a fee for legal services from an award to a client, from public funds, or from the opposing party;

(b) "Recipient", as used in this Part, means any grantee or recipient of funds for the provision of legal assistance under the Act.

**§ 1609.3 Prohibition.**

No recipient shall use funds received from the Corporation to provide legal assistance in a fee-generating case unless other adequate representation is unavailable. All recipients shall establish procedures for the referral of fee-generating cases.

**§ 1609.4 Authorized Representation in a Fee-Generating Case.**

Adequate representation is deemed to be unavailable when

(a) an eligible client has sought unsuccessfully to obtain representation from two private attorneys or through the local referral service; or

(b) the recipient has determined that referral is not possible because

(1) it has attempted unsuccessfully to refer the case or matter to the local lawyer referral service, or to two private attorneys; or

(2) the case is of the type that private lawyers in the area ordinarily do not accept; or

(3) emergency circumstances compel immediate action before referral can be made; or

(c) Recovery of damages is not the principal object of the case and a request for damages is merely ancillary to an action for equitable or other non-pecuniary relief; or inclusion of a counterclaim requesting damages is necessary for effective defense or because of applicable rules governing joinder of counterclaims.

**§ 1609.5 Acceptance of Fees.**

(a) A recipient may accept a fee awarded or approved by a court or administrative body, or included in a settlement, if

(1) the requirements of Section 1609.4 are met, and

(2) funds received are used for purposes authorized by the Act and are reported to the Corporation.

(b) If a fee awarded or approved by a court or administrative body is made to an attorney, it shall be remitted promptly to the recipient.

**§ 1609.6 Acceptance of Reimbursement.**

When a case or matter results in an award of damages, other than statutory benefits, to a client, a recipient may accept reimbursement from the client for out-of-pocket costs and expenses incurred in connection with the case or matter, if

(a) the requirements of Section 1609.4 are met, and

(b) the deduction of costs and expenses will not reduce the client's re-

covery below the amount necessary to compensate the client fully, and

(c) the client has agreed in writing to reimburse the recipient for such costs and expenses.

THOMAS EHRLICH,  
President,

Legal Services Corporation.

[FR Doc.76-12957 Filed 5-4-76;8:45 am]

**[ 45 CFR Part 1610 ]****USE OF FUNDS FROM SOURCES OTHER THAN THE CORPORATION****Prohibitions and Accounting**

The Legal Services Corporation was established pursuant to the Legal Services Corporation Act of 1974, Pub. L. 93-355 88 Stat. 378, 42 U.S.C. 2996-2996f ("the Act"). Section 1010(c) of the Act, 42 U.S.C. 2996i(c), restricts the use of funds received by any recipient from a source other than the Corporation.

Pursuant to section 1008(e) of the Act, the Corporation hereby affords notice and publishes for comment the following proposed regulations concerning use of funds from sources other than the Corporation. Public comment will be received by the Corporation at its headquarters offices, Suite 700, 733 15th Street, N.W., Washington, D.C. 20005 on or before June 3, 1976. Comments must be in writing and may be accompanied by a memorandum or brief in support thereof. Comments received may be seen at the above offices during business hours Monday through Friday.

Final regulations will be issued by the Corporation after review and consideration of public comment received pursuant to this notice.

Part 1610 is added in proposed form as follows:

**PART 1610—USE OF FUNDS FROM SOURCES OTHER THAN THE CORPORATION**

- Sec.  
1610.1 Definition.  
1610.2 Prohibition.  
1610.3 Authorized use of other funds.  
1610.4 Accounting.

AUTHORITY: Sec. 1010(c), 1008(e) (42 U.S.C. 2996i(c), 2996g(e)).

**§ 1610.1 Definition.**

"Recipient", as used in this Part, means any grantee or contractor receiving financial assistance from the Corporation under Section 1006(a)(1)(A) of the Act, but does not include any private attorney, law firm, state or local entity of attorneys, or a legal aid organization that has a separate public defender program.

**§ 1610.2 Prohibition.**

No recipient shall use funds received from any source for purposes prohibited by the Act or Corporation Regulations, unless such use is authorized by Section 1610.3.